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Message Text

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PAGE 01 NEW DE 03599 141626Z

42
ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 L-02 /019 W
---------- 053655
P 141400Z MAR 75
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 7509

LIMITED OFFICIAL USE NEW DELHI 3599

STADIS//////////////////////////////////

FOR MORLEY FROM KENNON

E.O. 11652: N/A
TAGS: EFIN, IN
SUBJ: SURPLUS PROPERTY SETTLEMENT

REF: STATE 56546

1. THE UNITED STATES AND INDIA SIGNED A LEND-LEASE SETTLEMENT AGREEMENT ON MAY 16, 1946 UNDER WHICH THE GOI UNDERTOOK TO SELL IN INDIA CERTAIN SURPLUS PROPERTY TRANSFERRED TO IT BY THE UNITED STATES. THE GOI WAS TO TURN OVER TO THE UNITED STATES ONE-HALF THE PROCEEDS IN EXCESS OF $50 MILLION RECEIVED ON SALES MADE PRIOR TO JULY 1, 1948. REIMBURSEMENT WAS TO BE IN REAL ESTATE OR IN RUPEES TO BE USED FOR US EXPENDITURE ON CULTURAL AND EDUCATIONAL PROGRAMS OR FOR DEFRAYING THE EXPENSES OF THE UNITED STATES IN INDIA.

2. INDIA BEGAN MAKING PAYMENTS ON THE ACCOUNT IN SEPTEMBER 1948 BUT IN 1953 ASKED TO REVISE DOWNWARD THE VALUE OF TOTAL PRE-1948 SALES BECAUSE OF CANCELLATION AND VARIATIONS OF SOME PRE-1948 SALES. IN ADDITION THE GOI WITHHELD PAYMENT ON PART OF THE PROCEEDS PENDING THE OUTCOME OF LITIGATION BROUGHT BY SOME OF THE SURPLUS PROPERTY PURCHASERS.

3. THE USG CONSISTENTLY MAINTAINED THAT OUR RIGHT TO REIMBURSEMENT ACCORDING TO THE AGREEMENT FORMULA COULD NOT BE
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AFFECTED BY SUBSEQUENT EVENTS, BUT THE GOI DISAGREED AND

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REPAYMENTS LAPSED SOMETIME AFTER 1963.

4. AS PART OF THE 1974 PL-480 RUPEE SETTLEMENT THE GOI AGREED TO OPEN NEGOTIATIONS WITH A VIEW TO SETTLING THE SURPLUS PROPERTY QUESTION. EARLY THIS YEAR THE UNITED STATES AND INDIA EXCHANGED LETTERS UNDER WHICH INDIA AGREED TO RE-PAY THE UNITED STATES 14 MILLION RUPEES, WHICH IS VIRTUALLY THE ENTIRE AMOUNT THE UNITED STATES BELIEVES WAS STILL OWED.
SAXBE

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SURPLUS PROPERTY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE03599
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Film Number: D750090-0225
From: NEW DELHI
Handling Restrictions: n/a
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Reference: 75 STATE 56546
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Status: NATIVE
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